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SYLLABUS SERIES NO. 4

159

ENGLISH ECONOMIC HISTORY

A SYLLABUS FOR
CLASSES AND STUDY CIRCLES

BY

G. D. H. COLE

Prepared for the Labour Research Department

PRICE SIXPENCE

(Special terms for quantities)

LABOUR RESEARCH
DEPARTMENT

162 BUCKINGHAM PALACE ROAD, S.W. 1

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A SYLLABUS OF ENGLISH ECONOMIC HISTORY

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PREFATORY NOTE

The student must not be alarmed by the number of books referred to. He is not expected to reach them all. The simpler books are usually indicated by an asterisk (*), the more advanced by a dagger (†). Every student is recommended to possess himself of Ashley's *Economic Organisation of England*, which has been treated, wherever possible, as the class text-book. Students who take up the subject seriously should also get Bland, Brown, and Tawney's *English Economic History: Select Documents*, references to which are given throughout. It is a most valuable collection of original documents. References have not been given to Cunningham's big three-volume *Growth of English Industry and Commerce*, which is, however, very valuable for reference. Students who do not mind rather stiff reading should use Meredith's *Economic History of England* as a text-book supplementing Ashley. Text-books by Gibbins, Townsend Warner, or others may be used, as less good substitutes, if Ashley and Meredith are not available.

The syllabus does not profess to deal with taxation or public finance. This can be studied in Meredith, supplemented by Rees' *Fiscal and Financial History of England, 1815-1918*. Nor does it deal specifically with Scotland, for which see Mackinnon's *Social and Financial History of Scotland from the Union* and T. Johnston's *History of the Working Classes in Scotland*. The history of Labour organisation is dealt with in the companion syllabus, *The British Labour Movement*, by Cole; and another syllabus in the series, by M. H. Dobb, describes in more detail the *Development of Capitalism*.

No definite number of classes is indicated for the syllabus. It is intended mainly for courses of twenty-four classes and if the course is shorter than this some of the later sections should be cut down.

September, 1922.

G. D. H. COLE.

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HINTS FOR STUDENTS AND CLASS-LEADERS

1. To Students.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay or half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all

other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class, there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class education. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2. To Tutors and Class-Leaders.

(a) This syllabus is not intended to bind you down, but merely to help you. Modify it as you like, wherever possible with the co-operation of the class. Expand here, contract there : recommend for reading the books you think best. The syllabus is only meant as a *general* guide to method of study. But, where you modify it, let the students know in advance exactly how you propose to treat the subject.

(b) See that the class is as well as possible supplied with books. Get a book-box from one of the bodies which provide them (Club and Institute Union, Fabian Society, Tutorial Class Libraries, Central Library for Students, &c.). Select the books carefully, yourself. See that the students make the fullest use of the Public Library (and its Suggestion Book). Talk to them about books and how to read and use them.

(c) Wherever possible, get the students to do written work, and make this as easy as possible for them by hints on writing, suggestions of subject and treatment, and so on. How much and how good their written work is depends largely on you.

(d) Stimulate questions and discussion, and don't do all the talking yourself. You should need to do progressively less as the class gains in knowledge and group cohesion.

(e) Don't be content with merely taking the class. Do all you can to give each student individually the help he needs.

INTRODUCTION



INDUSTRIAL or economic history is not a "subject" apart and distinct from history itself : it is a particular, and a very important, way of approaching the study of history. Where the ordinary historical text-book deals with a succession of political and military events, economic history attempts to lay bare the causes underlying these events. It deals directly with the life of the people, not merely by describing their situation at different points of time, but by showing how this situation was influenced by changes in the forms and methods of production, that is, by changes in man's command over nature and in the organisation of the forces through which he seeks to exercise that command. The different stages of civilisation, the different relations of social classes, the different forms assumed by the Government, are bound up with changes in production, transport, and communication. Without the means of rapid long-distance transport by land and sea, the great centralised States and Empires of the modern world, and the immense complexity of modern international trade, would be alike impossible. Without power-driven machinery and large-scale production the modern wage-earning class, congregated in the industrial towns and subject to factory discipline, would never have come into existence. Modern finance, modern politics, modern wars and imperialism, cannot be understood unless the underlying character of the economic system is fully appreciated.

In studying economic history, therefore, we are studying the development of the bones and sinews of the modern world. Whatever we would do, we must do with that system as a basis. Whatever we would make of the world, we must make with the materials that system provides. It is indeed constantly changing; and in studying it we have to estimate the strength and direction of the forces at work within it. If we would shape the future, we must grasp the possibilities hidden in the present; but we can only understand the present by understanding the past—that is, the method of growth by which we have arrived at our present condition.

The economic approach to history is not the only possible approach. The various epochs can also be studied through their literature, through their political systems,

through their manners and customs, and so on. But the economic way of approach is the most fundamental, as sociologists, equally with Socialists, have been forced to recognise. The bread and butter question underlies all the others. When we have studied that, we have not finished our study of history; but we have in our minds the clue which will give a clear meaning to all our further study.

The following syllabus is intended mainly, not for academic, but for working-class students. It assumes that their interest in the study of history is practical, that they are students because they want not merely to understand the world in which they live, but to understand it with a view to changing it. The way in which most text-books of economic history are written is calculated to put obstacles in the way of the working-class student. He finds his author beginning with a study of primitive conditions which have no apparent relation to the world of to-day, in which he is directly interested. As the growth of the manorial system, the origin of towns and guilds, the various phases of the economic life of the Middle Ages, are slowly unfolded, he is apt to lose patience with a study which seems so remote from the work-a-day world. Unless he sees that these things are important for his purpose, he will hardly study them with profit. It is always wise to begin study as near as possible to the immediate practical interest of the student.

The opening sections of the syllabus are therefore devoted to a brief retrospect of industrial development, beginning not with that which come first in point of time, but with the conditions of the present, and showing how these conditions grew out of the past. This survey is necessarily no more than a mere outline, designed only to give the student a clearer insight into the purpose and meaning of the later sections. If the whole course is divided into twenty-four evenings, which is the best arrangement, the preliminary survey should not occupy more than six evenings at most; if the whole course is crowded into twelve evenings, it should take two, or at the most three.

We come now to the main body of the syllabus. The most usual way, in studying economic history, is to deal with each period as a whole, bringing into relation the various aspects, industrial, agricultural, financial, &c., of its development. I have discarded this method, which may easily put too great a strain on the memory and co-ordinating faculties of the untrained student, in favour of a sectional method of treatment. If the economic conditions as a

whole are the underlying factors determining social development, the land and its use are the factors underlying those conditions. Until very recent times, all civilised communities have been predominantly agricultural, and work on the land has been the main employment of their peoples. We begin, therefore, with a survey of agricultural changes, of the life of the village and its place in the social system in successive periods. Until agriculture had reached a high stage of development, any considerable industry was impossible. Towns grew when the country became settled and productive.

From the village and agriculture, we pass to the town and industry, studying next the development of productive power, and the various forms of industrial and social organisation which accompanied its various phases. These two things—towns and industry—are throughout their phases inseparably linked together, and our general study of the growth of towns leads us on naturally to a more detailed inquiry into the forms and methods of production. We shall, therefore, in the next section study the actual development of the instruments of production, tracing their evolution from the simple tools of the hand craftsman to the complex power-mechanism of modern industry.

The powers of steam and electricity, however, have shown their revolutionary effects not only in productive industry, but equally in their influence on transport. We shall, then, study next the development of transport by land and sea—on the one hand, the history of roads and their maintenance, canals and railways, and on the other the evolution of shipping to meet the needs and aid in the expansion of overseas trade.

As the industrial system has become more complicated, financial questions have become more and more important in relation to production, and finance has become a separate power and interest, nowadays the dominant power, in society. We shall have to trace the development of the modern financial system by a gradual evolution from the very simple financial arrangements which sufficed for the conduct of production and trade before the coming of large scale industry. In this section we shall see very clearly the interaction of the economic and political systems shown in the close relationship between the growth of the financial power and the rise of the national debt. We shall see, too, how ideas about the morality of financial operations (usury and interest) changed under the influence of changing economic conditions.

These sections will have led us already into some discussion of the exchange of commodities. But we shall next take this up as a separate question, studying the development of trade and commerce from the "local" or "town economy" of the Middle Ages to the "international economy" of the modern world. We shall see the growing importance attached to foreign trade in the countries of high industrial development, and the economic and political consequences of the change from the self-sufficiency of the agricultural community to the dependence on essential imports of the modern industrial nations. We shall record the growth of the struggle, first for markets, and then for sources of raw materials and other supplies, and we shall trace the connections between this struggle and the imperialist rivalries of the modern world.

The consideration of this aspect of economic history will lead us to take a closer look at the development of political society, in the light of the economic changes which we have studied. We shall see how the functions and methods of government have changed under the influence of changing economic conditions, and how the State of the modern world has been developed in response to the stimuli of large-scale capitalist industry and finance. The gradual growth of State power in the Middle Ages, the regulative and paternal State of the Tudors, the rise of individualism and *laissez-faire* in the earlier stages of modern capitalism, the emergence of new forms of control and State authority in the later phases of capitalism, and with all these the changing social and political ideas which accompanied each phase, will next occupy our attention.

Lastly—and in this section we shall be trying to draw together the threads of all the others, and to interpret the facts which have been passed in review before us—we shall study the changes in the class-structure of society which have gone with each step in the evolution of the economic system. We shall see the serfdom of the mediæval manor give place gradually to a status of personal freedom, still coupled with economic subjection. We shall see the gradual emergence of the capitalist and wage-earning classes, both before and after the Industrial Revolution, the changing forms of class-antagonism, and especially its development under the conditions of modern industrialism. We shall study also the rise and historical position of the middle classes, and attempt to provide the basis for an estimate of the forces behind the various classes in the society of to-day.

There the syllabus will end ; but there is no reason why the class or group which has been studying with its aid should stop short at that point. For the study of history is valuable to the workers, as I have pointed out, because it can help them not merely to understand but to alter the present system. This syllabus should be, therefore, for all good students an introduction to the study of present-day problems. The group, therefore, should make up its mind what it will study next, and it should not disperse, even for a recess, without asking itself and discussing the question whether and in what respects its study of economic history has increased its members' understanding of the present and helped to equip them for the task of moulding the future.

FIRST PART

LOOKING BACKWARD

SECTION I. THE ECONOMIC SYSTEM AS IT IS

Let us begin our search into the past by a brief survey of the economic system of to-day. The factory, the office, the mine, in which we work all form parts of this system. What are its distinguishing features, its methods of operation? We must get a broad view of it as a whole before we try to explain how it has grown up.

(a) First, it is predominantly a system of large-scale production. Although many small factories and workshops, small masters and tradesmen, jobbing craftsmen and sub-contractors, continue to exist, the bulk of modern industry is carried on in large establishments with the aid of costly power-driven machinery. Mass production is practised to an ever-increasing extent. The individual skill of the worker is more and more subordinated to the machine and the power house.

(b) One result of this is that the workers are congregated together in these great establishments. Large-scale production has called into existence the modern proletariat or wage-earning class, and, by assembling the workers in the factories, has made vastly easier their task of organisation into Trade Unions. The great modern Trade Unions are the natural accompaniment of the large-scale system of factory production. The great factory destroys personal contact between employer and employed, and sets in its place the

impersonal relationship of the wage-contract. The subjection of large bodies of workers to identical conditions leads to collective bargaining—the attempt by the Trade Unions to establish collective standards of wages, hours, and working conditions. Organisation among the workers creates the sense of power, and leads to ideas of workers' control and collective management of industry.

(c) Large-scale production leads not only workers, but also employers, to organise. Employers organise mainly in two ways—to meet and combat the Trade Unions, and to regulate the industries in which they are engaged. In almost all industries the employers are strongly organised for the former purpose (employers' associations). In recent times, there has also been a great increase in combination among employers for the regulation of industry (combines, trusts, cartels, rings, pools, &c.). These combines regulate prices and output, eliminate or limit competition, and work together in securing concessions both at home and abroad. There are still unorganised employers; but more and more, in all the great industries, employers act collectively in their dealings both with the workers and with the public.

(d) Large-scale production requires big accumulations of capital. The typical business unit is no longer the individual employer, owning the tools, machines, and buildings used in industry, but the joint stock company, in which many different individuals hold shares. The investor usually has no interest, except the profit-making interest, in the businesses in which his money is employed. He invests sums in many different businesses, and as a rule plays no part in their management and has no real control over their policy. The joint stock method, with shares available to the public, enables the directors of modern businesses to apply to industry the savings and capital of every section of the investing public. But, while shareholdings become more and more dispersed, the actual control of modern businesses is concentrated in the hands of a comparatively few "captains of industry," who employ a large staff of salaried managers and experts. The interest of these "captains of industry" is often not confined to a single industry or business. They control many businesses, and capital subscribed by many thousands of shareholders.

(e) Large-scale production has profoundly altered the composition and status of the middle classes. Side by side with the small employers and the professional men there has grown up a huge class of salary-earners, ranging from clerks

(the black-coated proletariat) to managers and officials drawing huge salaries and often interested also in the profits of business. Of those middle classes some (e.g., clerks and the lower paid technicians) are in practically the same situation as the wage-earning class, while at the other extreme the great officials and managers are virtually capitalist employers. The attitude of the intermediate classes between capitalist and wage-earners is a factor of great importance.

(f) Not only does large-scale production require large initial capital for plant, buildings, &c. : it also must have large resources at its disposal for the carrying on of business. The great mass of goods is no longer made to order or in response to a known and immediate local demand. Production is carried on in advance of demand, and largely on a basis of *credit*. In other words, manufacturers and traders borrow money (chiefly from the banks) in order to buy materials and pay wages in anticipation of the sums they will receive when their goods are sold. This credit basis of modern industry gives the banks and financial houses their predominant position in the modern economic system. Almost all manufacturers depend for advances on the banks, and the policy of the banks in granting or refusing advances largely regulates the quantity of goods which manufacturers are able to produce.

(g) The modern productive system is to a great extent international. While the greater part of the goods produced is still consumed at home, a very large part is exported and so exchanged for the products of other countries. This country imports a very high proportion of its foodstuffs and raw materials (corn, meat, cotton, iron, &c.) and pays for them mainly with exports of coal and manufactured goods. This international economy accentuates trade fluctuations; for it makes industry here sensitive not only to events at home but also to events abroad which affect our foreign markets. Inability to sell our goods abroad not merely makes it more difficult for us to import the goods we need, but, by throwing out of work those who produce for export and so destroying their purchasing power, reacts on the home market.

(h) Unemployment, in greater or less degree, is thus a normal feature of modern capitalist production. As the markets are uncertain and fluctuating, so is the demand for labour. Good trade may temporarily absorb all but a small margin of unemployed : a famine in India, or political or

economic disturbance in Europe, will at once throw British workers out of employment.

(i) The capitalist, as a rule, finds difficulty in securing a market for all the goods which his plant is capable of producing. He is, moreover, constantly seeking to extend his business and laying down new plant with the object of conquering fresh markets. The search or scramble for fresh markets between rival capitalists, and also between rival groups of capitalists, national or international, is a marked feature of modern industrial development. This leads to national rivalries and to wars between nations for the control of foreign markets. This rivalry is not confined to the struggle for selling facilities : it tends more and more to become a struggle for the right to exploit and develop the undeveloped countries, a scramble between nations for the control of sources of material (coal, iron, oil, &c.), and for concessions for exclusive rights to build railways, undertake mining operations, &c., abroad.

(j) This struggle in its later phases necessarily becomes more and more political. The rival capitalist groups seek the support of their various Governments for their claims. Protectorates, mandates, political concessions wrung from undeveloped countries such as China, are largely the expressions of underlying economic forces. Modern wars are intelligible only in the light of economic considerations. Imperialism is mainly an economic phenomenon.

(k) Effective control of the Government and of the machinery of the State at home and abroad, therefore, becomes more and more important to capitalists. The existence of nominally democratic political institutions does not in fact prevent this control from being exercised. The economic power of financiers and capitalists enables them largely to control public opinion and the Government.

(l) The immense development of industry and commerce in Great Britain has reduced agriculture to a position of inferiority. Only a small fraction of the people is now employed on the land, and Great Britain imports foodstuffs on a vast scale, and is therefore dependent on her commerce for the bare means of life. This obviously adds to the difficulty of any purely national change of system which might lead to a stoppage of supplies from abroad.

The above summary is not meant to be complete or exhaustive, and the class leader or tutor is not meant to deal with it except in broad outline. The students should bear in mind that the object of it is not to settle, at this stage,

any of the controversial problems which it raises, but merely to provide a general view of the existing economic system preparatory to the study of its growth and of its separate aspects.

Hints on Reading

J. A. Hobson's *The Science of Wealth* (Home University Library) is probably the most useful introductory book for the student beginning this course. The same writer's *The Industrial System* will be useful to more advanced students. More detailed references are given in later sections of the syllabus.

SECTION II. A CENTURY AGO

With our analysis of the present economic system in mind, let us go back a hundred years or so and study in outline the conditions which existed at the height of the Industrial Revolution.

The Industrial Revolution is the name used to describe the succession of great economic changes which came about, with overwhelmingly rapidity, during the last half of the eighteenth and the first half of the nineteenth century. We shall have to study these changes in more detail later: for the present it is enough to say that under their influence the whole system of production and transport was revolutionised. A succession of inventions and discoveries created large-scale industry. The application of steam power to industrial uses caused the concentration of the workers in large factories, made deep mining possible, gave birth to railways and steamships, and in doing all these things created the modern wage-earning proletariat and the industrial towns. At the same time, revolutionary changes in agricultural methods and the widespread enclosure of the commons destroyed the old peasantry of England and drove into the towns those who did not find employment as wage-earning agricultural labourers.

These changes were taking place at the same time as the wars between Great Britain and France, generally known as the Napoleonic Wars, which ended in 1815. The disturbance of conditions in Europe, and the British command of the seas, gave Great Britain a start in applying new economic methods and developing large-scale industry and commerce. Only at a later period of the nineteenth century did industrial development on the Continent follow to any great extent the course already followed in Great Britain.

Following the arrangement adopted in the previous section, we can now attempt a general description of the economic system of a hundred years ago.

(a) Large-scale factory production was beginning to oust the earlier methods of handcraft and production in the home (the domestic system) and the small workshop. Water power was beginning to give place to steam power, and machinery made of iron was beginning to displace the wooden machines of earlier times. Expansion was most marked, and the new methods were being most extensively applied, in the textile industries. The wool industry in Yorkshire, being Britain's principal industry, was adopting the new methods; but the change was most marked in the newer cotton industry of Lancashire, which now sprang rapidly to the first rank. Britain was entering upon the textile period of capitalist development. The metal and mining industries were beginning to grow fast in response to the demand for fuel and machinery; but the textile interest was the dominant capitalist interest of the day. Not till the latter half of the nineteenth century did coal and metal fully assume their dominant position in modern industrialism.

(b) The congregation of the workers in the new factory towns of the north and Midlands was proceeding apace. The centres of population were shifting from the south to the north of England. The new towns, hurriedly built and often without any form of local administration, were centres of pestilence and squalor. The old-established craftsmen (e.g., the handloom weavers) were being displaced by the new machines, and children and women, under abominable conditions, were being largely employed in the new factories. In face of severe repression working-class organisation was difficult and dangerous; but Trade Unions were being widely formed, and strikes were frequent and often accompanied by violence. From 1799 to 1824 Trade Unionism was prohibited by law, and both before and after that date legal repression of the workers was common. Trade Unions were formed, forcibly dissolved, and re-formed again and again. Socialist ideas were beginning to develop, and movements, forerunners of Chartism (1836-185--), were beginning to arise. The workers were, however, badly organised, and no match as a rule for the organised power of the employers and the Government.

(c) Among employers there was little formal organisation. Unrestricted competition was the order of the day,

and the rapidly expanding market afforded little inducement to combination. There was room for all, and abundant opportunity for profit. The employers, indeed, combined readily enough against the workers; but this was done informally for the most part. The employers mostly refused to recognise or have any dealings with the Trade Unions, and the resources of the State were readily available to crush any movement of revolt. There are cases of formal organisation among employers, and of collective bargaining between them and the Unions; but these are exceptional, and are mainly found in the older trades less affected by the Industrial Revolution.

(d) The need for accumulations of capital larger than a single individual could provide was beginning to present itself as a normal feature of business operations. Joint stock companies, however, were few and far between, and the ordinary investor put his money not into industry but into the loans raised by the Government for war purposes. The rising captains of industry borrowed money individually on the strength of their character and expectations, or went into private partnership with rich men. Slowly, however, industry was beginning to feel its way towards the joint stock form of organisation, already existing in the Bank of England and in a few trading companies (East India Company, &c.).

(e) The middle class a hundred years ago was composed mainly of the rising employers and the professional men. Salary-earners formed a very small class. The manufacturers had not yet risen to political power; but they were vigorously agitating for it. The Reform Act of 1832, which enfranchised the middle classes and left the workers without votes, signalised their conquest of the machinery of State. The repeal of the Corn Laws (1845) represents the definite triumph of the manufacturing over the agricultural interests.

(f) The need for credit, which was already becoming urgent, led to the formation of numerous private banks. Joint stock banks, with the exception of the Bank of England, were illegal until 1825, and were not fully legalised until 1844. These private banks, often with inadequate resources and prestige behind them, frequently failed, and led to crises which affected the smooth working of production. Banking, then, was still in a rudimentary and experimental stage, and the modern credit system was only at the beginning of its development.

(g) International trade was rapidly expanding. During the period of the Industrial Revolution Great Britain ceased to feed herself and began to import corn regularly. Cotton goods were made largely for export. Trade with the Americas, with India, and after the peace with the Continent of Europe assumed large dimensions. But foreign trade remained small in proportion to the total volume of production.

(h) Population was increasing with extraordinary rapidity (England and Wales 5,000,000 in 1700, 6,000,000 in 1750, 9,000,000 in 1801, nearly 14,000,000 in 1831). The static conditions of the previous century, under which there was little unemployment, gave place to conditions of rapid change. Workers in the old crafts were displaced by factory labour of women and children, and crises due to failures or rapid trade fluctuation tended to make factory employment discontinuous. The bulk of the greatly increased population was, however, rapidly absorbed by expanding industry. Fluctuations in prices, especially during the war, made the workers' standard of life very uncertain. Wages as a whole were very low, and they sank frequently below tolerable subsistence level. Hours were very long—the twelve hours' day was common for women and children as well as for men.

(i) Trade rivalries and trade wars had their place in the economic system a century ago as they have to-day. Indeed, the Napoleonic wars were, in one aspect, the culmination of our long trade rivalry with France, and had throughout a distinctly commercial character. (Napoleon's Berlin Decrees and our Orders in Council were the measures of the rivals against each other's trade—the capture of the French colonies was largely a commercial measure). Trade expansion had led already to the subjection of India by the East India Company, acting under Government charter; British recognition of the revolted Spanish colonies in South America was designed to open up trade. British colonies were regarded as closed fields within which British commerce could exercise a monopoly, and monopoly was also the aim of the Navigation Acts designed for the protection of British shipping. The desire to secure supplies of the precious metals and of the riches of the East and of America were already powerful political, as well as economic, motives. Protectionism had not yet yielded to the assaults of the Free Traders interested in exports, and trade treaties played an important part in foreign policy.

(k) The manufacturers, as we have seen, had not yet secured control of the State. The House of Commons, under a corrupt electoral system (rotten boroughs, &c.), still represented mainly the landed interests. Seats, however, could be bought; and merchants and financiers had already found their way into Parliament. Governments, moreover, had become increasingly amenable to financial influences, especially during the war, when the need to raise loans placed them largely in the hands of the moneyed interests. The governing landed aristocracy did not like the new rich classes of financiers and industrialists; but they were at one with them in suppressing all forms of popular revolt, especially while they were under the influence of the terror which the French Revolution spread throughout the governing classes of Europe.

(l) Agriculture, we have seen, was passing through a revolution. Methods of tillage were being rapidly improved, and high war-time prices, aided by protection, led to extended cultivation. These factors also provided the inducement for the widespread enclosure of common land, carried out greatly to the detriment of the small peasantry, who were driven off the land or reduced to wage-labourers. The farming class prospered; but the landowners also secured greatly increased rents. The increase of wealth among the landed classes was, however, far less than among manufacturers and financiers, and much of the surplus drawn from the land was invested in industry. Agriculture declined in national estimation, and with the rise of the traders and manufacturers the landowners lost their monopoly of political power. The way was prepared for the great rural decline of the middle of the nineteenth century.

Hints on Reading

Arnold Toynbee's *The Industrial Revolution* is still the best short description of the coming of modern industrialism. There is a wealth of illustration and comment in the first volume of Karl Marx's *Capital*. Of the many elementary text-books the best is that of C. A. Beard, *The Industrial Revolution*. See fuller references on page 29. Mr. and Mrs. Hammond's *Town Labourer* gives an extraordinarily graphic account of the mind of the governing classes and the condition and attempted revolts of the workers. The same writers' *Village Labourer* is by far the best and most readable account of the agrarian revolution.

SECTION III. THE SEVENTEENTH CENTURY

We can deal more shortly with the remaining periods covered by this preliminary survey. The seventeenth century—the period of the Stuarts, the great Civil War, the Restoration, and the Revolution of 1688—is in many respects the most interesting period of English history. But in the economic sense, while there was slow development and increasing accumulation of wealth, it is almost devoid of outstanding incidents. The period preceding the Industrial Revolution is commonly described as the period of the *domestic system*. The phrase is not very happy; but it must serve. The point behind it is this:

(a) Until power-driven machinery was introduced, there was in most trades no incentive to large-scale production. Goods could be made at least as cheaply and as well (probably more cheaply and better) in small workshops or in the workers' homes than in large factories. Considerable factories existed here and there for centuries before the Industrial Revolution; but they were exceptional. Work was done mainly in small workshops, often attached to the workers' home. Defoe, in his *Tour round England*, gives excellent pictures of the position of the domestic workers at the beginning of the eighteenth century, and the broad features of his description would apply to much earlier conditions. Few employers employed more than a few men; and much production was carried on by isolated workers or families in their own homes (e.g., spinning, weaving, blacksmithing, tailoring, &c.).

(b) Class-divisions, strongly marked between "gentle" and "simple," were not at all clear between different grades of producers. The rich merchants or traders constituted indeed a separate class, but there was no sharp line of division between the working master-craftsman and the journeyman. Some master-craftsmen were getting rich and rising towards the merchant class: others were being gradually merged in the journeyman class. But the process was slow, and no clearly marked working-class consciousness had found opportunity to develop, or did find real opportunity, despite the existence of Trade Unions among the journeymen of particular crafts, until the Industrial Revolution was in full swing.

(c) Master-craftsmen and merchants were still to some extent organised in guilds and companies (see next section). But on the whole the mediæval system of industrial regula-

tion had broken down and had not been replaced by any other. Where organisation existed, it tended to take the form of exclusive privileges and monopolies (patents) in the hands of particular groups. Generally speaking, after the Civil Wars, industry was largely unregulated, while trade tended to remain under the control of privileged groups.

(d) As a rule, the producer employed and required little capital. Accumulations of capital were mainly in the hands of traders, who increasingly interposed themselves between producer and consumer. For example, merchants called clothiers collected or bought the woven cloth from the scattered weavers, carried out the finishing processes in factories or workshops under their control, and re-sold. To a growing extent, in many trades, the merchants or traders actually supplied and owned the materials which the producers worked up for them at a price. The producer was largely a sub-contractor, dependent on the traders both for his materials and for his market. This is not universally true; but it was generally the case that wealth belonged to the traders and merchants, and not to the working masters who carried on production.

(e) A middle class composed of small landowners and of farmers, and of the merchants and the richer master-craftsmen of the towns, showed its strength in the Civil Wars. Only in a very broad sense, however, can the predominantly religious struggle of Cavaliers and Roundheads be explained in economic terms. But the Puritans were drawn mainly from the middle classes, and Puritan individualism exercised a powerful influence on the later course of economic development.

(f) Banking institutions, apart from the occasional deposit of money with goldsmiths for safety, hardly existed until the foundation of the Bank of England in 1694. But the lending of money at interest had become a normal and recognised economic practice, and the big merchants were also financiers prepared to float ambitious schemes. Early forms of joint stock enterprise and of joint ventures were largely found in connection with foreign trade (the various licensed companies of merchants trading with the Levant, Russia, &c.).

(g) Imports from abroad were almost wholly confined to luxuries. Woollen goods were the principal export. Foreign trade as a whole was small; but the expansion of Britain beyond the seas had already begun with the

colonisation of North America, and the foundations of the Indian trade had been laid. Britain, however, was a self-sufficient country, and foreign trade was regarded not as a national necessity, but as a means to wealth and luxury.

(h) Unemployment was not a problem, save when society was upset by upheavals such as the Civil War, or large numbers of soldiers were disbanded after the war, *i.e.*, the general condition of industry was static, and there was little fluctuation in employment. But industry could not readily adapt itself to changed conditions, or absorb additional workers.

(i) Commercial rivalries found expression in wars and buccanneering expeditions. The wars and affrays of the sixteenth century were with Spain, for the opening up to Britain of the wealth of America. Spain pillaged the natives of America, and the British seafarers pillaged the Spaniards. In the seventeenth century trade rivalries were rather with the Dutch, who became our principal competitors in the Eastern trade. But by the end of the century the French had become our leading rivals, and the long series of trade wars with France had begun.

(k) At the beginning of the seventeenth century the Elizabethan system of social and industrial regulation had been completed. Industry had been regulated by the Statute of Artificers (1563), the Poor Law system had been developed on a national scale, each man had been assigned to his appointed place and status in the community. The Civil War helped to destroy this system, and industry largely escaped from regulation, moving from the older towns into the country. The Elizabethan system was worked through the Justices of the Peace, administering local affairs under the strong control of the central Government. The revolution of 1688, by placing political power in the hands of the landowners, who were the Justices, destroyed the central control over them, and made eighteenth-century Britain the landowners' paradise.

(l) The great mass of the people were employed on the land. Few were pure wage-labourers; for though most worked part of their time for wages, most had some land of their own, or at least valuable common rights. The squire, however, was practically omnipotent in the village, of which he commonly owned the greater part, letting it to tenant-farmers in farms of varying extent.

Hints for Reading

The best account of conditions on the eve of the Industrial Revolution is, unfortunately, available only in French, in Paul Mantoux's *La Révolution Industrielle*. The period is treated fully in W. Cunningham's *Growth of English Industry and Commerce*. Shorter accounts will be found in Townsend Warner's *Landmarks in English Industrial History*, H. O. Meredith's *Economic History*, and similar books.

SECTION IV. THE MIDDLE AGES

It is, in one sense, unscientific to treat the Middle Ages, extending in England over four or five centuries, as a single economic period. Vast changes took place, and whole systems grew up and decayed, during that time. But for our purpose this simple treatment will suffice; for we need only describe the essentials of the mediæval system at the point of its fullest development. Changes within the period are discussed in each of the sections which follow this introductory retrospect.

(a) The mediæval system of production was that of handicraft. Production was directed by the master-craftsmen, working as a rule with only a very few journeymen and apprentices. In the towns, where nearly all industry was carried on, the master-craftsman (and usually his workmen also) belonged to the Gild of their craft, which imposed stringent regulations as to the form, quality, and price of the product, the number and conditions of the workers employed, and even the personal conduct of the Gild members. Price-fixing, in accordance with the idea of the "just price," was a very important function of the Gild, and prices were also regulated in some cases by the municipal authorities. Mediæval economics cannot be understood unless the idea of the "just price" is thoroughly grasped. The Gild, like practically all spontaneous organisations in the Middle Ages, was a religious as well as an industrial body, and acted as a friendly society for its members, and played a large part in the organised life of the mediæval town.

(b) In the productive industries, the Gild system did not, as a rule, give rise to any sharp division of classes. The journeyman of to-day hoped to become the master of to-morrow, and in the earlier days the road to mastership was kept wide open by the severe restriction on the number of journeymen a master might employ. But in the later Middle Ages many of the Gilds became restrictive, and by

imposing high entrance fees, &c., closed the road to mastership to the ordinary journeyman. In the trading Gilds, which required larger capital, oligarchical tendencies appeared at an early stage. Power passed into the hands of small groups of the richer Gildsmen, and there were struggles between the Gild masters and the journeymen, whose position became more that of wage-labourers. But in the days before the decay of the Gilds had set in there were no acute class-divisions within them. A large proportion of mediæval workers, however, including all workers on the land and such industrial workers as there were outside the towns, were not included in the Gilds, which thus represented to some extent privileged sections of the community.

(c) The Gilds have sometimes been regarded as the ancestors of modern Trade Unions (wrongly if any historical continuity is implied). They can also be regarded as the forerunners of employers' associations. They organised masters and journeymen together, most of the control resting with the master-craftsmen, who mostly worked side by side with other journeymen. The Gilds, as we have seen, performed, with a different social purpose, many of the functions which modern capitalist combinations seek to assume—regulation of output, quality, prices, &c., limitation of competition, trade defence, and so on. They took charge of the organisation and control of the productive process, and held themselves responsible for the conduct of industry in the consumer's interest. Whether they did well or ill, the student must be left to determine.

(d) Capital, in the modern sense, hardly existed. Merchants trading overseas or between different parts of the country had to acquire ships and expensive stocks. But most operations, and nearly all productive operations, were on a small scale. In the early Middle Ages much of the more capitalist trading was in the hands of foreigners (the German Hanse merchants, &c.). Capital gradually accumulated in the hands of traders, especially from the profits of overseas trade, and the increase of urban land values also provided many landowners with an initial capital for trading purposes. The market, however, was purely local for most commodities, and in these little capital was needed.

(e) The Gild masters and merchants formed the greater part of such middle class as existed in mediæval times. But the idea of a "middle" class is really foreign

to the period. The townsmen really occupied an exceptional status in a society in which class-divisions were mainly agrarian. The real main classes of the Middle Ages were the nobles (greater and lesser), the knights and squires, the lesser free tenants farming their own land, and the various classes holding land by some form of subject tenure (tenants or leaseholders of the land, villeins, and cottagers). The villeins and the grades grouped with them were serfs, with only strictly limited customary rights, bound to the land (manor) and subject to the law of the lord's manorial court.

(f) The financiers of the Middle Ages were, first, the Jews, who before their expulsion in 1290 were under the king's special protection, and later the Lombards and other foreigners. These lent money at interest (especially to kings and nobles). Mediæval society despised and often ill-used the Jew, but it tolerated him for his financial uses. Mediævalism, broadly speaking, condemned in Christians the receipt of interest on money (which it regarded as usury) except where personal service was given by the lender. This view gradually gave way during the later Middle Ages as commercialism developed.

(g) Britain's principal foreign trade in the Middle Ages was in wool—at first in raw wool, which was then manufactured on the Continent. The kings, especially the Edwards, used great efforts to establish the woollen manufacture and dyeing and finishing in England, and a trade in manufactured woollen goods was developed. Wool and woollen goods remained England's chief export down to the Industrial Revolution. Imports were almost wholly luxuries (silks, spices, &c.) and the precious metals.

(h) Unemployment in a sense was prevalent in the Middle Ages. The social organisation was a fixed thing, and anyone who fell out of his appointed place was liable to become a "masterless man." Mediæval society was always perplexed by the problem of the "vagabond," against whom it took drastic measures. Villeins who fled from their manors and disbanded soldiers from the wars chiefly made up this class. Brigandage was common (cf. the story of Robin Hood). Enclosures (see under (l)) in the later Middle Ages drove many peasants off the land and swelled the "vagabond" class. But seasonal and cyclical fluctuations of employment hardly existed under the static conditions of mediæval organisation.

(ij) Throughout the Middle Ages, Great Britain was industrially a backward nation. Her position in foreign trade was largely *passive* (i.e., her imports and exports were largely under control of foreign merchants). By means of the Navigation Laws, repeated attempts were made to develop shipping. Commercial rivalries and regulation chiefly centred round the wool trades (merchant staplers, merchant adventurers, &c.). In the great trade struggles of the Middle Ages, e.g., in the Mediterranean, England was only a passive spectator.

(k) The struggles for political power in the Middle Ages were mainly between the kings, who sought to establish the power of the central State, and the nobles, who upheld a feudal system and claimed both large autonomy for themselves and collectively control of State policy. The towns were most often on the side of the king, but sometimes with the nobles (e.g., Magna Carta—"the Barons' Charter"). Under the Tudors, when the power of the nobles had been largely destroyed by the Civil Wars (Wars of the Roses), a system of State absolutism was established. This was followed under Elizabeth and the Stuarts by the rise in power of the towns and the lesser land-owners. (See last section.)

(l) Mediaeval England, we have seen, was almost wholly agricultural. The organisation of society in the earlier Middle Ages was based on the Manor, with the lord at its head, and its grouping of dependent land-holders (free tenants, villeins, &c.) subject to manorial control. During the later Middle Ages, especially after the Black Death (1349) and the Peasants' Revolt (1381), the manorial organisation broke up, and the villein or serf gave place to the tenant farmer or peasant. Enclosures of the open fields and conversion of arable land to pasture caused widespread evictions, especially in the fifteenth and sixteenth centuries, and drove many workers off the land. The Elizabethan system was largely an attempt to check this process in the interests of national strength.

Hints for Reading

The best book on English economic history in the Middle Ages is E. Lipson's *Economic History of England: the Middle Ages*. Shorter accounts will be found in Townsend Warner, Meredith, and other general economic histories. A. J. Penty's vivid, but unreliable, *A Guildsman's Interpretation of History* and G. K. Chesterton's *Short History of England* state a mediaevalist case which must be taken into account.

NOTE.—At this point, the class would do well to devote an evening to a general discussion of the ground traversed, attempting to look at the process of economic development as a whole down to the present time. Ashley's *Economic Organisation of England* can be used as a text-book for this purpose.

SECOND PART.

ASPECTS OF ECONOMIC DEVELOPMENT

For this second part of the course, which should occupy at least two-thirds of the total number of classes, only bare outlines are given, together with fuller book references for consultation. The object here is to break up the study into a number of sections, within each of which the course of development can be studied more simply in greater detail, and still, by virtue of the preceding general outline, related at every point to the general evolution of economic conditions. It is important that the class leader's method of treatment should be such as to show this general relationship throughout the survey.

SECTION I. THE VILLAGE AND AGRICULTURE

General Hints for Reading

An Introduction to English Rural History,* by George Guest (Workers' Educational Association, 6d.), is a very useful small compilation. Montague Fordham's *Short History of English Rural Life** is the best general elementary book. W. Hasbach's *History of the English Agricultural Labourer*† is the best longer work (continued in F. E. Green's *History*,† see below). *Old Village Life*,* by P. H. Ditchfield, is gossip, but contains a lot of information. R. E. Prothero's *English Farming, Past and Present*† is strongly recommended to advanced students.

(1) THE MANORIAL SYSTEM.—Disputed origin of the Manor (was its origin communistic or servile?)—classes in the Manor—its relation to the national system and to the State—methods of cultivation—the open fields, meadow and waste—the lord's demesne—enclosures in the Middle Ages—the legal status of the villein—the Black Death (1349), the Statute of Labourers, and the Peasants' Revolt (1381)—commutation of labour services and the break-up of the Manor—sheep-farming and its social effects.

See * Ashley. *Economic Organisation*. Lectures 1 and 3.
Bland, Brown, and Tawney. *Economic Documents*.
Part I. Sections 1, 2, and 4.

† Tawney. *The Agrarian Problem in the Sixteenth Century*.

† Vinogradoff. *Villeinage in England*.

† Vinogradoff. *The Growth of the Manor*.

† Oman. *The Peasants' Revolt*.

*† Lipson. *English Economic History: The Middle Ages*, Chapters 1-4.

(2) **THE TUDOR VILLAGE.**—Objects of the Elizabethan System—The Statute of Artificers (1563) in relation to the village—The Elizabethan Poor Law and the Justices of the Peace.

See * Ashley. *Economic Organisation*. Lectures 3 and 5 (latter part).

Bland, Brown, and Tawney. Part II. Sections 1 and 4.

† Ashley. *Economic History*. Part II., Chapter 5.

(3) **SQUIREARCHY.**—Effects of the Civil War and the Revolution of 1688 on village life—political power and local government in the hands of the landowners—changes in the ownership of land—the rising merchants buy estates—the village in the early eighteenth century—village life as depicted by Defoe, Fielding, and Addison—was it Merrie England?

See * Ashley. *Economic Organisation*. Lecture 6.

† Johnson. *The Disappearance of the Small Landowner*.

Defoe. *Tours*. (Cassell's National Library.)

Fielding. *Tom Jones*.

Addison. *De Coverley Papers* from the *Spectator*. (separate reprint in Cassell's National Library.)

(4) **ENCLOSURES AND SPEENHAMLAND.**—The Enclosure movement in the latter half of the eighteenth and the first half of the nineteenth century—social effects of enclosures—Enclosure Acts and their administration—enclosures controlled by landowners—disappearance of the peasantry—economic effects of enclosures—did they increase production?—changes in farming methods—rural wages in the eighteenth century—the Poor Law and the Speenhamland decision—low wages made up out of rates—The New Poor Law of 1834 and its social effects.

See Ashley. *Economic Organisation*. Lecture 6.

Bland, Brown, and Tawney. *Economic Documents*. Part III. Section 2 and 5.

*† Hammond. *The Village Labourer, 1760-1832*.

† Gonner. *Common Land and Enclosure*.

* Toynbee. *Industrial Revolution*. Chapters 1 and 5.

Cobbett. *Rural Rides*, and many other writings.

(5) **THE VILLAGE UNDER INDUSTRIALISM.**—Effects of the Industrial Revolution on agriculture and village life—decline in agriculture—migration from villages to towns—the great agricultural depression of the later nineteenth

century—agriculture before the war—agriculture in war-time, the Corn Production Act—classes in the countryside, the economic position of landowners, farmers, and labourers—small-holders and agricultural co-operation—Labourers' Trade Unions and wages—the Agricultural Wages Board and after—politics in the countryside.

See * Selley. *Village Trade Unions in Two Centuries.*

† Green. *The English Agricultural Labourer.*

Green. *The Tyranny of the Countryside.*

* Green. *A Labour Agricultural Policy.*

Hall. *Agriculture after the War.*

† Prothero. *English Farming.*

SECTION II. THE TOWN

General Hints for Reading

Curiously enough, there is no short general book available on the history of the Town. There is a useful brief section in Jenks's *English Local Government*, and much information can be got from R. H. Gretton's readable historical study of *The English Middle Class*. Otherwise, the subject must be studied in a general economic history, or in the other books mentioned under each head below.

(1) TOWNS IN THE MIDDLE AGES.—Towns under the Romans—destruction of town life by the Anglo-Saxons—growth of towns in the early Middle Ages—the steps towards self-government—Borough Charters—The Gild Merchant—Relations of Towns and Gilds—town government in the Middle Ages—local isolation of towns and localisation of markets—smallness of urban population—classes in the towns—was mediæval town life democratic?—political position of the towns in relation to king and barons—town representation in Parliament.

See * Ashley. *Economic Organisation*. Lecture 2.

Bland, Brown, and Tawney. *Economic Documents*.

Part I., Section 5, and Part II., Section 2.

† A. Stopford Green. *Town Life in the Fifteenth Century*.

† Gross. *The Gild Merchant*.

*† Lipson. *English Economic History*. Chapter 5.

(2) TOWNS BEFORE THE INDUSTRIAL REVOLUTION.—Decay of Local Government after the break-up of the Gilds—rise of town oligarchy and corruption in the seventeenth century—rotten boroughs and unenfranchised towns—the eighteenth town as depicted by Defoe and Fielding.

See * Toynbee. *Industrial Revolution*. Chapter 2.

† Webb. *The Manor and the Borough*.

Defoe. *Tours*.

Fielding. *Tom Jones*.

(3) TOWNS UNDER INDUSTRIALISM.—Growth of towns during the Industrial Revolution—the new factory towns—social conditions, sanitation, &c.—movement for health reform—the Municipal Corporation Act of 1835—The Public Health Acts—development of the modern system of local government—housing and town-planning—municipal enterprise—urban government to-day.

See * Slater. *The Making of Modern England.*

Hutchins. *The Public Health Agitation.*

* Odgers. *Local Government.* Chapter I.

† Fay. *Life and Labour in the Nineteenth Century.*

Perris. *Industrial History of Modern England.*

* Masterman. *How England is Governed.*

SECTION III. THE METHODS OF PRODUCTION

General Hints for Reading

Any good text-book of economic history deals with this subject. The best for this purpose is H. O. Meredith's *Economic History of England*; but it is difficult reading.

(1) EARLY HANDCRAFT.—Methods of production did not alter greatly in their fundamental characteristics from the Middle Ages to the introduction of power-driven machinery. Tools became more complex, labour was further divided, and increased use was made of water-power; but handcraft predominated right up to the time of the Industrial Revolution. The methods of organising production, however, changed fundamentally.

Early handcraft auxiliary to agriculture—primitive crafts—carpentering, building, tanning, &c.—simple weaving and spinning in the home—gradual differentiation of trades in primitive society.

See * Ditchfield. *Old Village Life* and cf. such a sociological work as

† Müller-Lyer. *History of Social Development.*

(2) THE GILD SYSTEM.—As soon as towns began to develop as craft and trade centres, the craftsmen began to organise into Gilds—Gild system general in Europe—The Gild Merchant—rise of the Craft Gilds—organisation and functions of the Gilds—the “Just Price”—relation to municipalities and to State—Gild Charters—classes and grades within the Gilds—rise of oligarchy in them—their decay or survival in perverted forms—how far did they include all workers?—confined to towns—did they hamper productive development?—their localism in face of national expansion.

- See * Ashley. *Economic Organisation*. Lecture 2.
 Bland, Brown, and Tawney. *Economic Documents*.
 Part I., s. 5 and Part II., s. 2.
 * Renard *Guilds in the Middle Ages* (largely foreign, but
 useful information).
 *†Lipson. *English Economic History*. Chapters 7 and 8.
 † Penty. *A Guildsman's Interpretation of History* (vivid,
 but unreliable).
 † Salzmänn. *English Industries in the Middle Ages*.
 † Gross. *The Guild Merchant*. Vol. I.
 * Chesterton. *A Short History of England*.

(3) THE DOMESTIC SYSTEM.—Partial escape of industry from Gild regulations in the sixteenth and seventeenth centuries—increase of industry in the country towns and villages—the “domestic system,” i.e., work done at home and marketed by traders—social effects of “domestic system”—it was never general—partial continuance of the Gilds in the towns—Stuart Corporations and monopolies—restrictive character of later Gilds.

- See * Ashley. *Economic Organisation*. Lecture 5.
 Bland, Brown, and Tawney. *Economic Documents*.
 Part III., s. 1.
 Defoe. *Tours* (especially Yorkshire and South Western
 Counties).
 † Mantoux. *La Révolution Industrielle*. First Part.
 * Toynbee. *Industrial Revolution*. Chapter 4.

(4) THE FACTORY SYSTEM.—The great inventions—Watt's steam engine (1776)—textile machinery—the race between spinning and weaving (Kaye, Hargreaves, Arkwright, Crompton, Cartwright, &c.)—development of coal mining and metal industries—economic causes of concentration of work in factories—economy of large-scale production under steam-power—from the division to the subdivision of labour—the increasing size of the factory unit—limits to its increase—the problem of economical management—rise of electrical power and its effects—factory organisation to-day.

- See * Ashley. *Economic Organisation*. Lecture 7.
 Bland, Brown, and Tawney. *Economic Documents*.
 Part III., s. 1.
 *† Marx. *Capital*. Vol. I., Ch. 15.
 † Hobson. *Evolution of Modern Capitalism*. Chapter 4.
 * Perris. *Industrial History of Modern England*. Ch. 1.
 * Toynbee. *The Industrial Revolution*. Chapter 8.

SECTION IV. THE DEVELOPMENT OF TRANSPORT

General Hints for Reading

The history of roads and their administration is told by Mr. and Mrs. Webb in *The King's Highway*. Dr. Lilian

Knowles's *Commercial and Industrial Revolutions* gives a good account of the economic effects of the transport revolution of the nineteenth century. See also E. A. Pratt's *History of Inland Transport and Communication in England* and A. W. Kirkaldy's *British Shipping*.

(1) TRANSPORT IN THE MIDDLE AGES.—Badness of mediæval roads—survival of Roman highways—responsibility for roads—large use of packhorses—difficulty of moving heavy goods by land—mediæval shipping—small size of vessels—dangers of overseas trade—use of coastwise shipping—the policy behind the Navigation Acts.

See * Webb. *The King's Highway*. Ch. 1.

Look up indexed references to "Roads," "Rivers," "Shipping," "Navigation Acts," &c., in Cunningham, Lipson, Ashley, Meredith, or other economic histories.

(2) TRANSPORT BEFORE THE INDUSTRIAL REVOLUTION.—Scant improvement since Middle Ages in land transport—bad state of roads and their administration—highwaymen—early turnpikes—continued difficulty of land transport—increased size of shipping—effect on smaller ports—big development of shipping in eighteenth century.

See references given above, and add

Defoe. *Tours* (Cassell's National Library selection).

Eighteenth-century novels, such as *Tom Jones*, give a graphic picture of the state of roads from the standpoint of the traveller.

(3) THE REVOLUTION IN TRANSPORT.—(a) Road development—road engineers (Telford and Macadam)—Turnpike Acts and military roads—road administration becomes a function of local government in the nineteenth century; (b) canals—the great canal development from 1761 (Bridgewater Canal—Brindley); (c) Railways—Trevithick—Stephenson's Rocket, 1829—the great railway boom after 1840; (d) Ships—Bell's Comet, 1818—development of the steamship—from wood to iron and from iron to steel—vast expansion of shipping—the revolution in methods of communication—cables and telegraphy—development of the Post Office—telephones.

See Cleveland Stevens. *English Railways*.

Webb. *The King's Highway*.

* Knowles. *Industrial and Commercial Revolutions*. Parts IV. and V.

* Perris. *Industrial History of Modern England*. Chapter 3, Section 5.

Hemmeon. *History of the British Post Office*.

(4) **TRANSPORT IN THE MODERN INDUSTRIAL SYSTEM.**—Modern railway development—comparison with other countries—importance of railways in industrial expansion—decline of the canals and its causes—canals in other countries—rise of road transport—economic importance of the road motor—modern shipping—big capitalist development—importance of British shipping in world trade—freight wars—beginnings of commercial aviation—modern communications—wireless telegraphy, &c.

See Knowles, Kirkaldy, Pratt, Cleveland Stevens, as above.

SECTION V. THE GROWTH OF TRADE

(1) **TRADE IN THE MIDDLE AGES.**—The market for most goods essentially local—the localism of the Gilds—importance of fairs—position of travelling merchants, English and foreign—the Hanse Merchants in England—overseas trade and its regulation—importance of trade in wool—the Merchant Staplers—the Merchant Adventurers—trading predominance of London—trade from Bristol, Hull, Newcastle—the regulated companies for trade with distant markets—State regulation of trade.

See Ashley. *Economic Organisation*. Lecture 4.

Bland, Brown, and Tawney. *Economic Documents*. Part I., s. 6. Part II., s. 5.

*† Lipson. *English Economic History*. Chapters 6, 7, 9, 10.

† Unwin. *Gilds and Companies of London*.

(2) **THE RISE OF THE CAPITALIST TRADER.**—Capitalism in trade precedes industrial capitalism—trade policy in the seventeenth and eighteenth centuries—the “Mercantile System”—trading wars and treaties—the wars with France—the Portuguese treaty of 1702—colonies regarded as spheres of trade monopoly—the American colonies in the eighteenth century—rise of traders to social consideration and political power.

See * Ashley. *Economic Organisation*. Lecture 4.

Bland, Brown, and Tawney. *Economic Documents*. Part II., s. 5.

† Hewins. *English Trade and Finance*.

Fox-Bourne. *English Merchants*.

Seeley. *The Expansion of England*.

(3) **TRADE IN THE NINETEENTH CENTURY.**—Britain ceases to feed herself and imports pass from luxuries to necessities—vast growth of export trade—economic importance of cotton industry—growth in export of machinery—relations of merchant and manufacturer in modern industry—the search for markets—grows more acute as

industry develops in Germany and America—the rise of concession-hunting—relation of trade policy to modern imperialism.

- See * Ashley. *Economic Organisation*. Lecture 8.
Hobson. *International Trade*.
Knowles. *Commercial and Industrial Revolutions*.
Boudin. *Socialism and War*.
* Brailsford. *The War of Steel and Gold*.
* Pavlovitch. *The Foundations of Imperialist Policy*.
* Woolf. *Economic Imperialism*.
† Woolf. *Empire and Commerce in Africa*.

SECTION VI. THE FINANCIAL SYSTEM

General Hints for Reading

Meredith's *Economic History of England* deals most satisfactorily with the financial aspect. For the accumulation of capital, see Marx's *Capital*, especially Vol. I., Chapters 23-25.

(1) FINANCE IN THE MIDDLE AGES.—Unimportant in relation to most forms of industry—greater importance in trade and commerce—how did capital accumulate in the Middle Ages?—the position of the Jews—and the Lombards—how the money was raised for mediæval wars—taxes and tax-farming—mediæval ideas about money—interest as “usury”—change in attitude as capitalism developed.

- See * Ashley. *Economic Organisation*. Lecture 4.
Bland, Brown, and Tawney. *Economic Documents*. Part I., ss. 3 and 6.
† Ashley. *Economic History*. Part II., Ch. 6.
† Lipson. *English Economic History*. Ch. 7 and 11.
† Sombart. *The Jews and Modern Capitalism*.
Meredith. *Economic History*. Book I., Ch. 4, Book II., Ch. 6.

(2) FINANCE IN THE SEVENTEENTH AND EIGHTEENTH CENTURIES.—The accumulation of capital—finance under the Stuarts—how banking began—the Bank of England and the origin of the National Debt—slow growth of banking in the eighteenth century—early experiments in joint stock organisation—the South Sea Bubble.

- See † Andreades. *History of the Bank of England*.
Meredith. *Economic History*. Book III., Ch. 3.
Hobson. *Evolution of Modern Capitalism*. Chapter 3.

(3) FINANCE AFTER THE INDUSTRIAL REVOLUTION.—How the Industrial Revolution was financed—the rise of banking—paper money and crises—growth of joint stock banking—the Bank Charter Act of 1844—the rise of the joint stock company—growth of the capital market—the evolution of

the investor—public loans and industrial securities—development of Stock Exchanges—how industry is financed to-day—power of the financier in modern society—the “Big Five” banks.

See * Ashley. *Economic Organisation*. Lecture 8.

† Andreades. *History of the Bank of England*.

* Perris. *Industrial History of Modern England*.

† Hobson. *Evolution of Modern Capitalism*. Chapters 7 and 10.

* Burns. *Modern Finance*.

Withers. *The Meaning of Money*.

Hirst. *The Stock Exchange*.

Rees. *Trusts in British Industry*. Chapter 10.

SECTION VII. STATE ACTION IN THE ECONOMIC SPHERE

(1) THE MÆDÆVAL STATE.—Its loose organisation in comparison with modern States—the expansion of its power through the King’s Courts—its attitude to industry—“the policy of plenty” and “the policy of power”—regulation of the wool trade—the Navigation Acts—regulation of wages from the Ordinance of Labourers (1349) to the Statute of Artificers (1563)—the Elizabethan system.

See * Ashley. *Economic Organisation*. Lecture 5.

Bland, Brown, and Tawney. *Economic Documents*.

Part I., s. 6, Part II., ss. 3 and 5.

Meredith. *Economic History*. Book I., Ch. 4, and

Book II., Ch. 2.

Jenks. *The State and the Nation*. Chapters 10 and 11.

(2) THE MERCANTILE SYSTEM.—“Bullionist” and “mercantilist” theories in the seventeenth and eighteenth centuries—“the balance of trade”—the State and commercial policy in the eighteenth century—breakdown of Elizabethan system of internal regulation of industry. See Section V. (2) above.

See Bland, Brown, and Tawney. *Economic Documents*.

Part II., s. 5, Part III., s. 6.

† Cannan. *Theories of Production and Distribution*; esp. Chapter 1.

Meredith. *Economic History*. Book 3.

(3) LAISSEZ-FAIRE.—State regulation breaks up under stress of the Industrial Revolution—the new “dismal science” of economics—Adam Smith and Ricardo—the repeal of the laws regulating industry (Elizabethan Statutes) and of the Combination Laws—the repeal of the Corn Laws and the coming of Free Trade—the economic

forces behind the Free Trade movement—the Tariff Reform controversy.

See * Ashley. *Economic Organisation*. Lecture 7.

† * Hammond. *The Town Labourer*.

Slater. *The Making of Modern England*. Chapter 11.

* Perris. *Industrial History of Modern England*; esp. Chapters 4 and 5.

* Price. *Political Economy in England*.

† Cannan. *Theories of Production and Distribution*.

(4) THE RETURN OF STATE INTERFERENCE.—Abuses of the Industrial system—the Factory Acts—the Mines Acts—expansion in sphere of State and local government action—modern social legislation—Trade Boards—Insurance Act, &c.—towards Collectivism or the Servile State?—collectivist tendencies—tendencies of modern taxation.

See Ashley. *Economic Organisation*. Lecture 8.

* Slater. *Making of Modern England*. Chapters 9, 13, 15, 18.

* Perris. *Industrial History of Modern England*. Chapters 5-9.

Belloc. *The Servile State*.

* Webb. *Towards Social Democracy*.

† Webb. *State and Municipal Enterprise*.

Davies. *The Collectivist State in the Making*.

† Jethro Brown. *The Tendencies underlying Modern Legislation*.

Hobson. *Taxation in the New State*.

SECTION VIII. THE DEVELOPMENT OF SOCIAL CLASSES

Hints for General Reading

The Communist Manifesto (1847), by Marx and Engels, should be read for the clearest exposition of the Socialist view. See also Marx's Preface to the *Critique of Political Economy*.

NOTES.—(a) This concluding section should be so treated as to gather together the preceding sections, and to present a general view of the social effects of the general course of economic development.

(b) Class distinctions arise at each period of history out of the forms of social and economic organisation. All class distinctions arising within a given society are originally based on differences of economic function. Primitive society differentiates from the general mass the classes to which it looks for economic protection against other societies or against the powers of nature—the fighting-man and the war-leader, and the medicine man or priest. Other forms of differentiation arise through conquest, the

conquerors assuming the positions and functions of economic power.

Class distinctions are never absolutely clear-cut. There are always marginal cases, groups difficult to place in the social scale. The number and variety of such groups tends to increase with the complexity of social organisation. But such groups exist at all stages in greater or less degree.

(1) CLASS DISTINCTIONS IN THE MANORIAL SYSTEM.—Feudalism—the hierarchy of the feudal State based on land-holding—king—tenants in chief—lesser lords—classes within the manor—growing disparity between manorial classification and actual economic classes breaks up the manor—the status of the free tenant and of the serf—their legal rights—the force of custom in securing rights to the serf—effects of the Black Death and the Peasants' Revolt—rise of the yeomen farmers.

See under Part II. s. 1 (1) page 25.

(2) CLASS DISTINCTIONS IN THE MEDIAEVAL TOWN.—Exceptional position of the towns in feudal society—the consideration shown them based on their wealth—class divisions in town and Gild—town aristocracies—class divisions between Gild masters—between masters and journeymen—was there an oppressed class in the mediæval town?—the rise of a capitalist class in the towns.

See Gretton. *The English Middle Class*. Chapters 2 to 4.
and under Part II., s. 3 (2) of this syllabus.

(3) CLASS DISTINCTIONS IN THE SIXTEENTH AND SEVENTEENTH CENTURIES.—The position of Parliament—from what classes were M.P.s drawn?—attitude of the towns to Parliament—importance of the middle classes in the Civil Wars and the Puritan movement—the town artisan in the time of the Gilds' decay—combination among journeymen—how did the Civil Wars affect the common people?—village life under Elizabeth and the Stuarts.

See under Part II., s. 1 (3) and s. 3 (3) of this syllabus.

See also Gretton. *The English Middle Class*. Chapters 5-7.
Dekker. *The Shoemakers' Holiday*.

* Webb. *History of Trade Unionism*. Chapter 1.

(4) CLASS DISTINCTIONS IN THE INDUSTRIAL REVOLUTION.—Rise of (a) manufacturing capitalists, (b) wage-earning proletariat. Effect of agrarian revolution

(enclosures) in swelling the ranks of the latter—rise of combination amongst the wage-earners—beginnings of modern Trade Unionism—the Chartist movement—social and industrial conditions during the Industrial Revolution.

See * Craik. *Outlines of the History of the Modern Working Class Movement.*

* Webb. *History of Trade Unionism.* Chapter 2.

*† Hammond. *The Town Labourer.*

† Hammond. *The Skilled Labourer.*

Gretton. *The English Middle Class.* Chapters 8 to 10.

† Beer. *History of British Socialism.*

For a guide to the history of the Labour movement, with full bibliography, see the companion syllabus in this series—* *The British Labour Movement.* By G. D. H. Cole.

(5) CLASS DISTINCTIONS IN THE MODERN COMMUNITY.—Who are the “capitalists”?—captains of industry, financiers, employers of labour, managers—the investing public—growth and present position of the middle classes—“workers by hand and brain”—class-distinctions among wage-earners—skilled and unskilled—what is the “proletariat”?—theories of the class-struggle—the Marxian interpretation—the international working-class movement.

See Marx. *Capital.* Vol. I., Part VIII.

Gretton. *English Middle Class.* Chapter 11.

Cole. *Labour in the Commonwealth.*

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